

the White House, but they conveniently forget that Republicans controlled the Congress for the period where the deficit came down and eventually turned into a surplus.

They tend to forget they fought the principle of a balanced budget that was the centerpiece of Republican fiscal policy.

Remember, the government shut-downs of late 1995? Remember what that was all about? It was about a plan to balance the budget.

We are consistently reminded of the political price paid by the other side for the record tax increases they put into law in 1993. Republicans played a political price for forcing the balanced budget issue in 1996. But as we found out in 1997, President Clinton agreed. Recall as well all through the 1990s what the year-end battles were about.

On one side, congressional Democrats and the Clinton administration pushed for more spending. On the other side, congressional Republicans were pushing for tax relief. In the end, both sides compromised. That is the real fiscal history of the 1990s.

Now, let's turn to the other conclusion of the revision by fiscal historians. That conclusion is that in this decade all fiscal problems are attributable to the widespread tax relief enacted in the years 2001, 2003, 2004, and 2006.

In 2001, President Bush came into office. He inherited an economy that was careening downhill. Investments started to go flat in 2000. The tech-fueled stock market bubble was bursting. After that came the economic shocks of the 9/11 terrorist attacks. Add in the corporate scandals to that economic environment, and it is true that in the fiscal year 2001, as it came to a close, the projected surpluses turned to a deficit.

But it is wrong to attribute the entire deficit occurring during this period to the bipartisan tax relief. Because, according to the CBO, the bipartisan tax relief is responsible for only 25 percent of the deficit change, while 44 percent is attributable to higher spending and 31 percent to economic and technical changes.

In just the right time, the 2001 tax relief plan kicked in. As the tax relief hits its full force in 2003, the deficits grew smaller. This pattern continued for 4 more years through 2007. If my comments were meant to be partisan shots, I could say this favorable fiscal path from 2003 to 2007 was the only period, aside from 6 months in 2001, where Republicans controlled the White House and the Congress.

But unlike the fiscal history revisionists, I am not trying to make a partisan point; I am just trying to point out a few fiscal facts. There is also data that compares the tax receipts for 4 years after the much ballyhooed 1993 tax increase and the 4-year period after the 2003 tax cuts.

I have a chart here that will track those trends. In 1993, the Clinton tax increases, the blue line, brought in

more revenue as compared to the 2003 tax cuts. That trend reversed as both policies moved along in years. Over the first few years, the extra revenue went up over time relative to the flat line of the 1993 tax increases.

So let's get the fiscal history right. The pro-growth tax and trade policies of the 1990s, along with the peace dividend, had a lot more to do with the deficit reduction in the 1990s than the 1993 tax increases.

In this decade, deficits went down after the tax relief plans were put in full effect. No economist I am aware of would link the technical bursting of the housing bubble with the bipartisan tax relief plans of 2001 and 2003. Likewise, I know of no economic research that concludes that the bipartisan tax relief of 2001 and 2003 caused the financial meltdown of September and October 2008.

I have another chart that shows what the President inherited from the Democratic Congress and a Republican President. As I said, from the period 2003 through 2007, after the bipartisan tax relief program was in full effect, the general pattern was this: revenues went up, deficits went down.

One major point that needs to be said right here is to state where the government gets the money it spends. Basically I am asking, from where do taxes come? I would have thought this would have been perfectly obvious to most people, but I may have been wrong. Taxes come from taxpayers. I say this because we have heard tax relief for certain individuals referred to as the word "bonus." A search of the CONGRESSIONAL RECORD for the Senate on December 1, 2010, shows that the word "bonus" was said nearly 50 times, the implication being that by extending tax relief for all Americans we are giving some people a bonus that other people are paying for.

Let me try to simplify this for my colleagues who are having trouble understanding. There is no proposal to cut taxes for anyone before this body. The question is, Instead, are we going to allow taxes to go up or are we going to prevent a tax increase? If we prevent taxes for everyone from going up, we are letting taxpayers keep more of their own money that they have earned and worked hard for. No one is proposing a bonus or a gift to anyone. The question is, Do we want taxpayers to have more or less of their own money?

My colleagues on the other side have been especially incensed by what they consistently refer to as "tax cuts for the rich" and seem to believe tax relief for everyone is responsible for our disastrous budget situation. However, I think nearly everyone serving in the Chamber and certainly the President and House and Senate leadership support extending around 80 percent of that tax relief. If those on the other side are serious in their pleas that taxes must be increased in the name of fiscal responsibility, how can they claim 80 percent of the tax relief is ab-

solutely necessary and that 20 percent of the tax relief is absolutely wrong? This chart, drawn up from Congressional Budget Office data, should give more insight into the two groups the other side is talking about. The orange line measures the effective tax rate paid by the top 5 percent of taxpayers. By the way, this is where the small business owners' tax hit occurs. This group represents those tax-paying families with incomes over \$250,000. Under the Democratic leadership's preferred tax policy, this line will go back up to where it was in the year 2000. Republicans would prefer to prevent this tax increase, and we have shown it falls primarily on the backs of small business.

The main point this chart shows, though, is that tax relief undertaken during the last administration benefited all taxpayers, and characterizing it as tax cuts for the rich is simply not accurate. Of course, I wish to put our country on a path to fiscal responsibility, but I do not believe higher taxes will lead us to that path. Rather, we need to carefully examine how we spend the money we already collect.

This debate is about one fundamental question. Who does the money you, the taxpayer, have worked hard to get belong to? Does it belong to the citizens who earn it or does it belong to the government? Is whatever the taxpayer is left with an allowance, with the balance to be spent by a government that knows best? I think most people would answer my last two questions with a strong resounding no. As we continue to discuss pressing tax matters in Congress, we need to keep these fundamental and simple truths in mind. We need to stop taxes from increasing for all Americans. It is fundamental, after all the years I have served in the Senate, that increasing taxes \$1 does not go to the bottom line and bring the deficit down.

Through three or four different occasions during the years I have served in the Senate, we have had propositions, some of them even bipartisan, that we increase taxes by \$1 and somehow we will decrease expenditures by \$3 and, in the process, we are all going to win and the deficit is going to go down. But what we forget is how the mechanics of legislative bodies work. You increase taxes for a long period of time, but each year expenditures are reviewed, and somehow that 3-for-1 rule does not seem to hold on the expenditure side. They don't go down. They creep up, creep up, and creep up. So in the final analysis, it is kind of averaged out that for every \$1 we bring in in increased taxes, it is a license to spend \$1.15.

Some studies would say it is even much higher than that and not just one proposition like that but several propositions like that. That is how it has ended up. I don't like to increase taxes, but if there was ever a time I could increase taxes and knew that went to the bottom line and brought the deficit down \$1, it might be a proposition I